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LAW ON INVESTMENT 2025: REFINING THE INSTITUTIONAL FRAMEWORK AND ENHANCING THE QUALITY OF THE INVESTMENT AND BUSINESS ENVIRONMENT

On December 11, 2025, the National Assembly promulgated the Law on Investment 2025, which takes effect from March 1, 2026 and replaces the Law on Investment 2020 and its amended and supplemented documents (**Law on Investment 2020**). The Law on Investment 2025 is enacted with the expectation of improving the legal framework governing investment, promptly addressing difficulties and obstacles faced by domestic and foreign investors, and at the same time reducing and simplifying a number of investment and business procedures to facilitate individuals and enterprises. Below are specific analyses of this Law's key highlights that investors should take into account.

First, the Law on Investment 2025 strengthens the decentralization and delegation of authority in investment policy approval.

Under the Law on Investment 2025, only 20 categories of investment projects listed in Article 24 are required to undergo procedures for investment policy approval. These include projects for infrastructure development in certain important and sensitive sectors such as seaports, airports, telecommunications, publishing, press, betting and casino business, nuclear power; projects involving the use of land, forest land, or sea areas; projects with significant environmental impacts or potential risks of serious environmental harm; or projects implemented in areas affecting national defence and security. Based on these 20 categories of investment projects, Article 25 of the Law on Investment 2025 decentralizes and delegates the authority in approving the investment policy to the National Assembly, the Prime Minister, and the Chairperson of provincial People's Committees. In general, the National Assembly only approves investment policy for projects that require the application of special



mechanisms or policies. Notably, investment projects that were previously under the approval authority of the National Assembly under the Law on Investment 2020 have now been fully delegated to the Prime Minister. Accordingly, under the new law, the Prime Minister is competent to approve investment policy for 8 categories of projects, and the Chairperson of provincial People's Committees has the authority to grant approval for the remaining categories. This enhanced decentralization and delegation of authority in investment policy approval under the Law on Investment 2025 helps reduce administrative procedural barriers, accelerates the completion of procedures for investors so that projects can be put into operation more quickly, and at the same time, facilitates the mobilization of investment resources for socio-economic development.

Second, the Law on Investment 2025 expands the application scope of the special investment procedure (the green channel mechanism).

Compared with the Law on Investment 2020, Article 28 of the Law on Investment 2025 significantly expands the scope of application of the special investment procedure (which is similar to the green channel mechanism applied in the customs sector). Under the new provisions, investment projects implemented in industrial parks, export processing zones, high-tech parks, concentrated digital technology parks, free trade zones, international financial centres, and functional zones within economic zones (except for projects subject to investment policy approval) are entitled to opt for registration under this special investment procedure. Previously, Article 36a of the Law on Investment 2020 only allowed certain investment projects in the fields of science and technology, implemented in industrial parks, export processing zones, high-tech parks, concentrated digital technology parks, free trade zones, and functional zones within economic zones, to opt for registration under this special investment procedure. The practical implementation of the Law on Investment 2020 has demonstrated that the special investment procedure receives strong support and consensus from both investors and Management Boards of industrial parks and economic zones, as it helps reduce administrative procedural barriers within these areas. Against this backdrop, the Law on Investment 2025 continues to broaden the range of projects eligible for this "green channel mechanism", with a view to facilitating investment procedures for investors and accelerating the execution of investment projects in these zones.

Third, the Law on Investment 2025 provides greater flexibility for foreign investors in establishing economic organizations to implement investment

projects.

Article 19 of the Law on Investment 2025 allows foreign investors to establish an economic organization to implement an investment project prior to carrying out the procedures for the issuance or amendment of the Investment Registration Certificate, provided that the market access conditions applicable to such foreign investors are satisfied at the time of establishment. Previously, under point c clause 1, Article 22 of the Law on Investment 2020, foreign investors were required to have an investment project and complete the procedures for the issuance or amendment of the Investment Registration Certificate as a prerequisite for establishing an economic organization. This requirement has resulted in unequal treatment between domestic and foreign investors and diminished the attractiveness of investment in the form of economic organization establishment for foreign investors. Therefore, the amendment and supplementation of this provision help ensure equal treatment among investors and enhance the attractiveness of the investment and business environment.

Fourth, the Law on Investment reduces the number of conditional business lines.

The conditional business lines prescribed in Appendix IV of the Law on Investment 2020 comprise a total of 234 business lines, most of which are subject to a pre-licensing mechanism, which requires enterprises to obtain relevant licenses before commencing business operations. In practice, however, certain business lines do not necessarily require control under a pre-licensing mechanism and may instead be regulated through post-inspection mechanism, thereby reducing market entry barriers for enterprises, promoting freedom of business, and aligning with the Government's Resolution No. 66/NQ-CP dated 26 March 2025 regarding the Program on reduction and simplification of administrative procedures related to production and business activities in 2025-2026 period. Accordingly, Appendix IV to the Law on Investment 2025 has reduced the number of conditional business lines to 198. The business lines removed are those that no longer satisfy the criteria and conditions set out in Article 7 of the Law on Investment 2025, including, notably: tax procedure services; customs clearance services; commercial inspection services; temporary import-re-export trading of goods subject to special consumption tax, frozen food products, and goods listed as used goods; construction activities of foreign contractors; energy auditing; and labor subleasing services, among others.

Fifth, the Law on Investment 2025 supplements the provisions allowing not to count some delays in project implementation or operation toward the

project timeline and operational term.

In comparison with the Law on Investment 2020, clause 3, Article 31 of the Law on Investment 2025 provides certain circumstances where periods of delay affecting an investment project's implementation schedule or operational term shall not be counted. These circumstances include **(a)** delays incurred to remedy consequences of force majeure events in accordance with civil law and land law; **(b)** adjustments to the project implementation schedule due to delays in the State's allocation or lease of land, or permission for changes in land use purposes; **(c)** adjustments to the project implementation schedule at the request of a competent state authority, or due to delays by state authorities in carrying out administrative procedures; **(d)** adjustments to the investment project as a result of changes in planning by state authorities; and **(e)** other cases as prescribed by the Government. These supplementary provisions aim to address practical difficulties and obstacles faced by investment projects that have experienced delays due to objective causes in recent years, thereby helping to unblock and mobilize resources for society.

Sixth, the Law on Investment 2025 supplements the provisions on the project term in cases of investment project transfer where the remaining project duration does not satisfy the transferee's financial or investment plan.

Previously, clause 3a, Article 77 of the Law on Investment 2020, allowed secondary projects in urban areas that had been implemented prior to 1 January 2021, had been granted a certificate of land use rights, and had fulfilled land-related financial obligations, but were no longer capable of implementation or no longer intended to be continued, and did not fall within cases of termination prescribed by law, to be transferred in full or in part together with the transfer of land use rights and assets attached to land. However, in practice, investors receiving a transfer (transferees) still faced difficulties and obstacles where the remaining operational term of the transferred project did not meet their financial or business investment plans. To address these obstacles, clause 6, Article 52 of the Law on Investment 2025 introduces transitional provisions that permit the re-determination of an investment project's operational term in cases where, following the transfer, the remaining project term does not satisfy the financial plan or business investment plan of the transferee.

In addition to the new points analyzed above, the Law on Investment 2025 has also introduced several further revisions as compared with the Law on Investment 2020. Specifically, it revises and supplements the provisions on investment incentive

sectors under Article 15 and 16 of the Law on Investment 2020 by shifting from a specific listing of incentivized sectors to a principle-based approach for determining such sectors; amends and supplements clause 3, Article 41 to narrow the cases in which procedures for approval of adjustment to investment policy are required; and amends Article 43 to add certain cases exempted from the required security deposit to ensure implementation of investment projects. In addition, the procedures for approval of overseas investment policy, which was previously subject to the authority of the National Assembly and the Prime Minister, has been abolished. Overall, the new provisions of the Law on Investment 2025 are formulated with a view to further reform and simplify administrative procedures in the investment sector, enhancing investment attraction, and encouraging the development of the private economy. The Law on Investment 2025 inherits the stable and effective provisions of the Law on Investment 2020, at the same time addressing practical difficulties and obstacles arising in the course of implementation. In the context of deepening international integration, the amendments introduced under the Law on Investment 2025 are expected to establish a clear, transparent, and streamlined legal framework, thereby creating favourable conditions for investors to implement their projects more efficiently and effectively. Should enterprises or investors wish to obtain further information or legal advice on the new policies and regulations of the Law on Investment 2025, as well as other investment-related legal matters, NHQuang&Associates stands ready to provide you with the requested clarification and legal opinions.

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